Rickshaw Sangh enables rickshaw drivers to own their vehicles by accessing formal credit through collectives, creating a life-changing asset, and formalizing the profession through access to key social benefits.

**Impact**

Rickshaw Sangh has contributed significantly to:

- **3.5 hours** Increase in productivity
- **16.5%** Increase in working days
- **82%** Increase in overall income
- **25%** Reduction in rent paid for rickshaw
- **100%** Asset Ownership

Rickshaw Sangh's alignment with the SDGs:

- **1 NO POVERTY**
- **8 DECENT WORK AND ECONOMIC GROWTH**

**The Context**

Rickshaws play a pivotal role in larger cities of India as an important means of intra-city transport by filling the last mile gap, and in smaller towns of India as the primary mode of transport for people who do not own vehicles. Estimates place the number of rickshaw pullers in India to be around 15-20 million. Despite the importance of rickshaws in serving the transport needs of people, rickshaw pullers are one of the most disadvantaged sections of the society. The American India Foundation (AIF), recognizing the plight of the rickshaw puller community and the need for financial inclusion, responded by launching the Rickshaw Sangh Program in 2007.

The Rickshaw Sangh Program has been designed by AIF as an innovation for inclusion. The program is based on the principles of organizing, formalizing and collectivizing rickshaw pullers. In turn, the rickshaw collectives take responsibility for a group of loans guaranteed by AIF. The program leverages commercial finance from banks using the First Loss Default Guarantee (FLDG) for the rickshaw loans, thereby helping them to own the rickshaws they pull, leading to the alleviation of the livelihood challenges encountered by them. Since the woman is the primary borrower, joint spousal ownership of rickshaws multiplies impact, empowering the entire families.

**Reach**

- **120,859** Rickshaw drivers with asset ownership
- **604,295** Total beneficiaries impacted
THE EVIDENCE
An external study(1) on impact assessment of the program in Sitapur district of Uttar Pradesh acknowledges the contribution of the informal sector to the economy. The study evaluated the performance of the program which highlighted key evidence. After becoming owners, the beneficiaries found distinct gains emerging out of participation in the Rickshaw Sangh program – increased income levels, elimination of daily rickshaw rent, gender balance, formalization of working conditions and reduction in harassment.

INCOME GENERATION
There was an increase of 16.5% working days (from 24.3 days to 28.3 days in month) after ownership over rickshaw was created after participating in the Rickshaw Sangh program. The number of hours for plying Rickshaw also increased by 3.5 hours/ day. Resulting in an overall increase in income by 82%, from INR 4,289 to INR 7,790 a month.

ELIMINATION OF RENT
A direct impact has been the elimination of the daily rickshaw rent they had to pay which was almost 25% of the daily income.

QUALITY OF LIFE
Growth in income had increased the purchasing power of people and subsequently enhanced their living standard.

<table>
<thead>
<tr>
<th>Impact on Quality of Life % of Respondents, n = 125</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Change</td>
</tr>
<tr>
<td>Better Food</td>
</tr>
<tr>
<td>Better Education</td>
</tr>
<tr>
<td>House Improvement</td>
</tr>
<tr>
<td>Asset Building</td>
</tr>
<tr>
<td>Health</td>
</tr>
<tr>
<td>Lifestyle (Clothing, Entertainment etc)</td>
</tr>
<tr>
<td>Social Security</td>
</tr>
</tbody>
</table>

Source: Impact Assessment of AIF's Rickshaw Sangh Program in Sitapur, 2016

CONCLUSION
Evidence from the Rickshaw Sangh program has demonstrated that the product design was effective in ensuring small-ticket loans resulted in asset creation. Other inclusions with the product, namely license, municipal permit, insurance and a bank account are also very useful. At the Bank level, the FLDG provided by the Rickshaw Sangh program allows for extension of banking and financial services to areas unserved by banks without the extensive efforts or risks associated with small-ticket lending. At the MFI / NGO level, the Rickshaw Sangh program has increased their visibility and credibility as borrowers from banks, earning them rewarding intermediation returns.

What AIF has delivered through the RS program is not just a solution to the inclusive development challenges faced by India in pursuit of the goal of Financial Inclusion, but a model for other agencies involved in developmental efforts and financing to adopt. Until 2018, AIF’s partner MFIs/NGOs had together reached out over 120,000 rickshaw pullers, and assuming five members per family, the Rickshaw Sangh program has improved the lives of over 600,000 persons in nine states.

There are many more rickshaw pullers and their families to be covered and such efforts must be keenly replicated in other states. This should form an imperative action agenda for Foundations and Trusts, MFIs/NGOs, as well as Indian Banks.

Note:
(1) Impact Assessment of AIFs Rickshaw Sangh Program, M2i, 2016

List of Abbreviations
NGO - Non-Government Organization
MFI - Micro Finance Institution
FLDG - First Loss Default Guarantee
JLG - Joint Liability Group
SDGs - Sustainable Development Goals